

**The Internal Revenue Service's Efforts
to Increase the Telephone Level
of Access Can Be Improved**

August 1999

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DEPARTMENT OF THE TREASURY
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INSPECTOR GENERAL
for TAX
ADMINISTRATION

August 23, 1999

MEMORANDUM FOR COMMISSIONER ROSSOTTI

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – The Internal Revenue Service's Efforts to
Increase the Telephone Level of Access Can Be Improved

This report presents the results of our review of the Internal Revenue Service's (IRS) efforts to increase the telephone level of access. The draft report was issued March 5, 1998 and the management response was received on February 3, 1999. For the most part, the findings and conclusions in this report remain current.

In summary, efforts have been made to improve taxpayer access to IRS toll-free systems. However, opportunities to better serve customers are available through improved systems and processes. The conditions include: the TeleTax system provides limited service because of legacy system limitations; the manual Management Information System reporting process and management performance monitoring are not standardized; and performance measures require a greater customer service focus.

To improve service to taxpayers, we recommended linking the TeleTax system to the Universal Integrated Data Retrieval System and a network router, monitoring TeleTax traffic on-line to better route traffic, standardizing management information system reporting, standardizing employee performance monitoring, and focusing performance measures on customer service attributes.

The Chief Operations Officer agreed with the facts and several of the recommendations in the report and has agreed to take some corrective actions. TeleTax will not be addressed until 2001. Likewise, TeleTax traffic will not be monitored on-line; however, the number of ports will be increased on new equipment. Management Information reporting and employee monitoring will be standardized. Performance measures will include customer service attributes. Management's comments have been incorporated into the report where appropriate, and the full text of their comments is included as an appendix.

Copies of this report are also being sent to IRS managers who are affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions, or your staff may call Parker Pearson, Acting Associate Inspector General for Audit (Small Business and Corporate Programs), at (202) 622-5955.

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Telephone Level of Access Can Be Improved**

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Executive Summary

The Internal Revenue Service (IRS) committed to dramatically increasing the level of access provided to taxpayers using the telephone assistance system during Fiscal Year (FY) 1997. Ensuring that the IRS improves customer service has been one of the Congress' main concerns in recent years. Several initiatives were successfully implemented that resulted in an additional 8.9 million calls answered over FY 1996 levels. Level of access improved by 19 percent (from 47 to 66 percent) from the prior fiscal year. However, this has come at a high cost of over \$51 million. Some operational improvements will ensure that certain resources are used in a more efficient manner to fulfill increased access responsibilities.

This review was conducted to determine whether the IRS' strategy to increase the level of access resulted in improved taxpayer service in an economical manner.

Results

TeleTax Rerouting Could Improve Taxpayer Access and Minimize Reliance on Live Assistance

The TeleTax system had significantly poorer performance in 1997 than in 1996. Net calls (i.e., attempted calls minus busy signals) decreased from 40.6 million in FY 1996 to 37.4 million in FY 1997, although busy signals increased over the same period. The increase in busy signals can be most clearly seen by comparing the peak seven-week period in 1996 (mid-February to the end of March) when there were 9.4 million busy signals to the same period in 1997 when there were 22.9 million busy signals. Some specific examples of increased busy signals resulting from routing imbalances include:

- Forty-four percent of callers to the six call sites in the Southeast region received busy signals, while 24 percent of callers to the seven call sites in the Midstates region received busy signals.
- In the Midstates region, the North Texas District had a very high level of busy signals, while the Houston District did not.

Customer Service Management Should Ensure Response Quality by Consistently Monitoring Employee Telephone Calls with Taxpayers

Managerial on-line quality call monitoring review criteria varied significantly from a high of five calls per employee **per month** to a low of three calls per employee **per quarter** at the 10 Customer Service call sites we reviewed. Only one site met its

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monitoring criteria. The remaining nine sites' review rates ranged from 0 to 83 percent of the monitoring plan goal. In addition:

- Monitoring tools that ensure required quality reviews either did not exist or were not effective, with the exception of one site.
- Compliance employees detailed to Customer Service for the filing season did not have their telephone calls monitored for quality responses.
- Other employees answering calls in some service centers were not officially detailed to Customer Service and, therefore, were considered exempt from monitoring.

Improvements Are Needed in National Instructions and Guidance on How to Compile and Report Telephone Data

Management information reports need improvement as a result of the following:

- Primary¹ and secondary² abandoned call data is not consistently compiled among sites.
- Automated applications were not always handled consistently or accurately calculated.
- The overall process of reporting telephone data is susceptible to human error.

Performance Measures Should Be Expanded to Include Measures That Support the Level of Access Objective

The performance indicators in Customer Service's Annual Performance Plan, while appropriate, are not specific enough to assess the cause of good or poor performance.

One of the main ways customer service can be improved is to increase taxpayers' access via the toll-free telephone system. Some of the performance measures should, therefore, evaluate the level of access.

¹ Primary abandons are calls that connect with a voice response unit, but the caller disconnects before making a menu selection.

² Secondary abandons are calls that connect with a voice response unit and make a menu selection, but the caller disconnects before completing the interactive application.

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Summary of Recommendations

Technical, procedural, quality assurance and managerial changes could improve the toll-free telephone system. The technical changes would include linking the TeleTax system to the IRS' consolidated system of taxpayer account records (i.e., the Universal Integrated Data Retrieval System) and a network router. The procedural changes would include monitoring TeleTax calls on-line to better route calls. Quality assurance could be improved by setting a national standard for monitoring employee telephone calls with taxpayers and instituting a system to ensure that this standard is followed. A managerial change would standardize management information system reporting and develop a review system until this data can be fully automated. Finally, another managerial change would focus performance measures on factors that reflect whether taxpayers are receiving timely service.

Management's Response: IRS management agreed with the facts and several of the recommendations in the report and agreed to take some corrective actions. In the technology area, the IRS will begin to replace TeleTax in 2001. For the procedural changes, the IRS has implemented a strategy to improve TeleTax access to better balance nationwide calls and reduce busy signals. Changes are planned for the quality assurance area by establishing a minimum review standard for monitoring employee telephone calls with taxpayers. A management review process has been established to ensure that this standard is met. Two managerial changes are planned for standardizing the definitions and calculations for reporting telephone data. First, the Regional Chiefs for Customer Service have been requested to be personally involved in ensuring accurate and timely reporting. Second, a national target was set for the secondary abandoned call rate and this rate was included as a customer service measure.

Management's complete response to the draft report is included as Appendix IV.

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Objective and Scope

We initiated this audit because improving taxpayers' access to the toll-free telephone system is vital to Customer Service. Ensuring that the Internal Revenue Service (IRS) improves customer service has been one of the Congress' main concerns in recent years. The review was conducted between April and October 1997 in accordance with *Government Auditing Standards*. Our draft report was issued March 5, 1998; however, the management response was not received until February 3, 1999.

Our audit work was conducted at the IRS' National Office and at the following Customer Service call sites: Andover, Austin, Brookhaven, Kansas City, and Philadelphia service center sites and Atlanta, Buffalo, Pittsburgh, Dallas and St. Louis district sites.

Our overall objective was to evaluate whether the Customer Service strategy to increase level of access has resulted in improved taxpayer service in an economical manner.

To accomplish our objective, we evaluated management's effectiveness in managing resources to provide quality customer service.

To accomplish this objective, we:

- Evaluated Customer Service management's ability to measure performance goals for Fiscal Year (FY) 1997 for the toll-free telephone system, both nationally and locally, in order to effectively monitor and improve call site performance.
- Evaluated Customer Service management's effectiveness in managing Customer Service resources.
- Evaluated Customer Service management's effectiveness in providing quality taxpayer service.

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- Evaluated the effectiveness of the automated TeleTax system in shifting demand from the live person assisted toll-free lines.

Appendix I contains the detailed objective, scope, and methodology of our review. A listing of major contributors to this report is shown in Appendix II.

Background

The IRS has committed to providing better customer service to the American taxpayer. The toll-free telephone system is the essence of customer service. Services include responding to taxpayers who:

- Have questions about notices, letters, or bills received from the IRS.
- Want to order tax forms and publications.
- Have tax return preparation questions.

Calls in response to notices, letters, or bills sent to taxpayers are primarily answered at one of the IRS' 10 service centers, where all tax returns are received and processed. The IRS' tax forms and publications provide both local and toll-free numbers for taxpayers to call the IRS. Telephone assistants there are best equipped to answer specific taxpayer account-related questions. Tax law questions generally go to one of the district call sites located throughout the nation.

Toll-free telephone calls connect to the AT&T long distance network. AT&T routes toll-free calls to sites based on information IRS provides. The caller's area code determines which IRS call site receives a toll-free call. During the filing season, the IRS' toll-free numbers are inundated with calls. Busy signals and long holding times are the norm. In FY 1996, the IRS answered 45.1 million of 97.5 million calls, for a 46 percent level of access.

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The level of access is defined as:

*total calls – (primary¹ and secondary² abandoned calls) / number of calls from unique phone numbers (i.e., demand) = **the number of net telephone calls answered***

The IRS committed to increasing access to the toll-free telephone system from 46 percent in FY 1996 to 65 percent in FY 1997.

The IRS committed to dramatically increasing the telephone system level of access during FY 1997. A 65 percent internal goal was set.

Customer Service developed several strategies to improve the level of access and answer an additional 12.4 million calls. These strategies included:

- Funding additional positions for increased Customer Service staffing.
- Using resources normally devoted to examining tax returns to take calls on technical tax issues at district call sites.
- Using service center employees not normally assigned to Customer Service to answer additional calls.
- Providing a new toll-free number for taxpayers responding to the earned income credit math error notices.
- Using improved automation techniques like prerecorded messages on various tax topics.

Another factor in the projected increased level of access was an expected decrease in demand. An internal IRS function (Compliance Research) estimated that demand would decrease from the FY 1996 level of 97.5 million calls to 91.7 million calls in FY 1997. Their reasoning was that, with more telephone assistants on the

¹ Primary abandons are calls that connect with a voice response unit, but the caller disconnects before making a menu selection.

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National Office Customer Service management is responsible for equitable distribution of demand among 29 call sites nationwide.

telephones, taxpayers would not remain on hold as long. This would decrease the number of taxpayers hanging up, calling back and being included twice in the demand figure.

Nationwide, there are 19 district and 10 service center Customer Service call sites distributed among the IRS' 4 regions. Customer Service management at the IRS' National Office is responsible for determining how calls are distributed around the nation. Local management at the individual call sites is responsible for notifying an assigned individual (a regional analyst) in the regional office when telephone demand becomes unmanageable. These analysts will then request that calls from one or more area codes be rerouted to other call sites. Calls can be rerouted within 15 minutes using a terminal in the National Office.

Customer Service also provides a toll-free telephone service known as TeleTax. It gives taxpayers access to automated tax topics and refund information. Most taxpayers can use TeleTax for 24-hour access to pre-recorded messages covering 148 tax topics. TeleTax also allows taxpayers to check the status of their refunds between 7:00 a.m. and 11:30 p.m. Monday through Friday. The automated TeleTax system received nearly 61.8 million calls during FY 1996. Overwhelmingly, 86 percent (52.9 million) of the calls were refund calls.

The WITS is the primary reporting system for call data measurement. Data from the WITS is captured on the Executive Snapshot Report.

Customer Service sites use the Workload Information Tracking System (WITS) as the primary reporting system for call measurement data. The WITS is used to report automated calls answered, telephone assistor calls answered, and abandoned calls for each toll-free product line.

Data from the WITS is used in the Taxpayer Service Executive Snapshot Report, a weekly report for IRS management to monitor the telephone system. It shows how each call site, and the Nation in total, is doing on a comparative basis.

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Results

Although 8.9 million additional calls were answered, the cost per call for these calls increased by \$1.13 to \$5.80 for a total incremental cost of \$10 million.

The strategies the IRS developed to increase the level of access resulted in improved taxpayer service; however, significant costs were incurred to achieve this. Customer Service answered 8.9 million additional calls during business hours in FY 1997. Fewer calls per additional full-time equivalent staff (FTE) were answered than calls per FTE in FY 1996. One explanation for this decrease may be the learning curve that likely resulted for the newly-hired employees. Thus, each additional call answered in FY 1997 cost \$1.13 more than the FY 1996 per call cost of \$4.67. The total cost of these 8.9 million additional calls was over \$51 million. Over \$10 million of that is attributable to the higher cost per call.

The FY 1997 IRS-calculated level of access improved by 20 percent over the FY 1996 rate.

Using the IRS' measurement technique, the level of access for FY 1997 improved by 19 percent (from 47 to 66 percent) from FY 1996. Using the governments General Accounting Office (GAO) measurement technique, the level of service improved by 25 percent (from 21 to 46 percent). IRS determines the level of access by determining the unique phone numbers that called for a one-week period and then taking the number of answered calls and divides it by the number of unique numbers. GAO takes the numbers of calls answered and divides it by the total number of call attempts. The IRS number roughly calculates the percent of taxpayers served. The GAO number calculates overall access levels.

The additional staff resources used in the service center Customer Service sites resulted in an additional 8 million calls answered (from 5.7 million in FY 1996 to 13.7 million in FY 1997).

Regional Customer Service analysts closely monitored toll-free live person assistor telephone demand and requested many demand routing changes. Requests were timely submitted to the National Office and were timely input.

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The IRS can use its resources even more effectively to better serve its customers. Four issues warrant management's attention:

- TeleTax rerouting could improve taxpayer access and minimize reliance on live assistance (see page 6).
- Customer Service management should ensure response quality by consistently monitoring employee telephone calls with taxpayers (see page 10).
- Improvements are needed in national instructions and guidance on how to compile and report telephone data (see page 11).
- Performance measures should be expanded to include measures that support the level of access objective (see page 15).

TeleTax Rerouting Could Improve Taxpayer Access and Minimize Reliance on Live Assistance

The level of service on TeleTax declined by 17 percent in FY 1997.

Seventeen percent more taxpayers received busy signals on TeleTax in FY 1997 (through April 5) than for the same period in FY 1996. Also, the percentage of busy signals varied significantly among regions and among call sites in the same region. From FY 1996 to FY 1997, the level of service on TeleTax decreased from 77 to 60 percent.³

Overall, calls answered **decreased** by 3.2 million from FY 1996 to FY 1997, while busy signals **increased** over the same period. Attempted calls will increase when taxpayers receive busy signals and are forced to make

³ Level of access cannot be calculated for TeleTax in the same manner as other toll-free numbers because Unique Number Reports are not created for TeleTax. Therefore, we used the GAO computational method for level of service (completed calls divided by total attempted calls).

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multiple calls. This "snowball" effect creates taxpayer burden. The following tables provide details about the increased busy signals.

Busy Signals – FY Comparison		
Week Ending April 5		
	FY 1996	FY 1997
Attempted Calls	52.7 million	62.1 million
Busy Signals	12 million	24.6 million
% Busy Signals	23 %	40%

Table 1

Range of Busy Signals Among Regions and Between Sites in the Same Region	
Southeast Region (SER)	44%
Midstates Region (MSR)	24%
Northeast Region (NER):	
Pittsburgh	<1%
Cincinnati	62%

Table 2

The overwhelming majority of busy signals occur during a seven-week period in the filing season. In FY 1997, busy signals more than doubled over FY 1996 levels.

Most TeleTax busy signals occurred between February 15, 1997 and March 29, 1997. Busy signals increased by 22.9 million (from 1.23 million to 24.2 million) during this time. Also, during the same seven-week period in FY 1996, busy signals showed the greatest increase (a total of 9.4 million which was from 2.3 million to 11.7 million). Thus, this is the time period when management needs to most closely monitor and reroute calls.

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Busy signals will continue to be a problem in some sites until TeleTax is linked to Universal IDRS.

The disparities shown in the previous tables resulted mainly from uncorrected call routing imbalances among sites. Although March is the busiest month for the TeleTax system, there were only two routing requests submitted nationwide during March 1997. Currently, rerouting can be successful for some sites that share the same service center. For example, the North Texas District could have rerouted calls to the Houston District. This would have helped with the very high busy signal problem in North Texas.

However, until TeleTax is linked to the IRS' consolidated system of taxpayer account records (the Universal Integrated Data Retrieval System (IDRS)), there will be demand imbalances that will be hard to overcome. Currently, IDRS information available to TeleTax is site specific. For example, taxpayers who live in telephone area codes where returns are filed at the Memphis Service Center can access the TeleTax system only in Nashville. When the Nashville TeleTax system becomes overloaded, calls cannot be routed elsewhere because IDRS refund information for these taxpayers cannot be accessed by any other site.

TeleTax systems are being replaced by newer equipment at some sites. The existing equipment is old and cannot be expanded. However, management plans to get rid of the old equipment rather than use it to handle more calls from taxpayers.

Customer Service management also does not have the necessary tools to effectively monitor overload problems on the TeleTax system. TeleTax busy signals are not input to the WITS and do not appear on the weekly Executive Snapshot Report. In addition, the level of access is not calculated for TeleTax. Without these tools, call balancing among sites on TeleTax may not be given the emphasis that is given to the other toll-free numbers.

TeleTax access problems may result in increased demand on the 1040 toll-free number.

When taxpayers are not successful in reaching TeleTax, they may become frustrated and call to speak with a telephone assistor. This is contrary to the IRS' strategy of shifting calls from assistors to automated calls. It can

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also have a negative impact on the level of access for the live person assistor toll-free telephone lines.

Recommendations

1. Link TeleTax to Universal IDRS using a network router. Calls can then be routed to the next available phone line in the TeleTax system network. Until this link can be made, have the staff who are responsible for monitoring Customer Service telephone lines at each call site monitor TeleTax demand locally and reroute calls among TeleTax machines at each site to alleviate overloads.

Management's Response: TeleTax will begin being replaced in 2001. In the interim, the IRS has implemented a strategy to improve TeleTax access to better balance nationwide calls and reduce busy signals.

2. Include analyses of the level of access for TeleTax during management reviews. This data should include the number of calls answered, busy signals and the level of access.

Management's Response: TeleTax net calls answered and busy signals are now reported weekly to senior IRS Customer Service management.

3. Continue to use, rather than get rid of, the old TeleTax systems in those sites that had a high number of busy signals in FY 1997.

Management's Response: These systems are being retired because they are not Year 2000 compliant. However, to address the high number of busy signals, management has increased the number of TeleTax lines by 384.

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Customer Service Management Should Ensure Response Quality by Consistently Monitoring Employee Telephone Calls with Taxpayers

Only 1 of the 10 call sites reviewed successfully performed all required phone call monitoring reviews.

We conducted audit work at 10 Customer Service call sites (5 service center and 5 district call sites). Managerial monitoring review criteria for Customer Service employees varied significantly from a high of five calls per employee **per month** to a low of three calls per employee **per quarter**. One site does not require any reviews as long as the Integrated Test Call Survey System (ITCSS)⁴ tax law accuracy rate exceeds the district expectation.

We used each call site's criteria (as specified in its Quality Assurance Plan or management's expectations) to determine whether managerial monitoring reviews were performed. Only one site fully met the number of reviews required by its monitoring criteria. The remaining 9 sites' review rates ranged from 0 to 83 percent of the monitoring plan goal.

Control processes that ensure required quality reviews are performed either did not exist or were not effective, with one exception. At the one site where management had clearly implemented a control, the site's required reviews were performed.

The IRS' employees from functional areas other than Customer Service who were formally assigned to answer telephones during the filing season did not have their telephone calls monitored for quality responses. The regular managers of those employees were not instructed to monitor calls and did not have the necessary equipment. In addition, other employees answering toll-free calls in some service centers were not officially assigned to Customer Service. Therefore, in accordance with the agreement with the National Treasury Employees Union, they could not be evaluated on their Customer Service work.

⁴ The ITCSS was used by the IRS to measure accuracy in providing answers to tax law questions.

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The IRS' procedures handbook (the Internal Revenue Manual (IRM)), does not specify the number of reviews that managers should perform. It does state that the primary method for evaluating the quality of telephone assistance is call monitoring, where a manager or a quality reviewer listens to conversations between taxpayers and telephone assistors.

When managers do not monitor telephone calls, they have no assurance that telephone assistors are providing complete and accurate answers to taxpayers.

Recommendations

4. Include in the IRM a standard minimum number of monitoring reviews that managers must perform for each employee.

Management's Response: The Customer Service Managers' Handbook, IRM 114.1.7, now includes a minimum review standard.

5. Require first-line managers to report monthly to their managers on the number of reviews they have performed for each employee.

Management's Response: The Customer Service Managers' IRM now requires managers to maintain documentation of their reviews and to retain this documentation until completion of operational reviews by higher level managers.

Improvements Are Needed in National Instructions and Guidance on How to Compile and Report Telephone Data

Telephone measurement data was based on consistent and comparable data that was, for the most part, accurately captured and reported on the four weekly Executive Snapshot Reports reviewed (periods ending April 5-26, 1997). However, among the 10 call sites reviewed, we found the following:

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- Primary and secondary abandoned call data is not consistently compiled among sites.
- Automated applications were not always handled consistently or calculated accurately.
- The overall process of reporting telephone data is susceptible to human error.

Primary and secondary abandoned call data is not consistently compiled among sites

Call sites are not consistently calculating the number of primary and secondary abandoned calls.

Only 3 of the 10 sites consistently reported all types of abandoned call data. Three sites did not report all types of primary abandoned calls. Two sites arbitrarily allocated these abandoned calls using a fixed percentage of attempted calls into the system. One site correctly counted and reported these abandoned calls, but did not deduct all types of abandoned calls from calls answered. Another site inaccurately reported the primary abandoned calls for all of the weeks reviewed.

Three of the 10 sites did not report all types of secondary abandoned calls. Secondary abandoned calls for these sites were either not reported or were inaccurately reported as primary abandoned calls. These calls totaled approximately 18,200. Of these, 13,750 were never reported and 4,450 were reported as primary abandoned calls.

The effect of not reporting all abandoned calls is that the percentage of calls answered is overstated on the Executive Snapshot Reports.

Automated applications were not always handled consistently or calculated accurately

Automated call totals were overstated at 2 of 10 call sites.

Taxpayer accesses to certain recorded messages are being incorrectly counted as calls answered. These messages only advise callers of other toll-free numbers they must call to obtain the services desired.

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We reviewed these recorded message calls at two sites (Atlanta and Pittsburgh) for the April reporting periods. The calls represented:

- Over 22,000 (11 percent) of the automated calls answered and nearly 5,600 (5 percent) of after-hours calls answered for Atlanta.
- Over 1,700 (2 percent) of automated calls answered for Pittsburgh.

Standards (i.e., the FY 1997 Telephone Program Expectations Letter) developed by IRS management prohibit counting this type of call as an answered call.

The overall process of reporting telephone data is susceptible to human error

The process of calculating call data and inputting this data to the WITS is labor intensive and subject to human error.

Human errors in transferring Management Information System (MIS) data to local reports, and from those reports to the WITS, were undetected by management. For April 1997:

- Atlanta Customer Service Site: "After-hours calls" were reported to the WITS as gross calls (i.e., all calls coming into the system instead of those that were actually answered) rather than net of abandoned calls. The site overstated after-hours calls answered by nearly 41,000 calls (37 percent).
- Dallas Customer Service Site: "Automated calls answered" were underreported on the WITS by more than 27,000 (10 percent).
- Philadelphia Customer Service Site: "Assistor calls answered" reported to the WITS were overstated by more than 18,700 (6 percent). The site also inconsistently calculated primary abandoned and secondary abandoned calls. Documentation was not available to support how the site determined its original calculation of "assistor calls answered."

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The discrepancies we identified occurred because the WITS reporting guidelines lacked sufficient detail. This caused call sites to have differing interpretations of these guidelines. In addition, the staffs in the Regional Customer Service functions did not review the WITS data computations to ensure that data was consistently and accurately reported.

In July 1997, a Customer Service Standardization Business Initiative task group issued a report containing several recommendations aimed at improving customer service by standardizing operations. These recommendations included:

- Improving reporting guidelines for the WITS.
- Further automating the WITS reporting system.

Fully automated call data compilation is the only way to ensure that reporting inconsistencies among call sites are eliminated.

Until the reporting process is fully automated, the WITS discrepancies we identified may continue to occur. Although the FY 1998 WITS reporting guidelines contain more detailed instructions for several WITS categories, they do not provide a detailed definition of what should be included in primary and secondary abandoned call counts.

Recommendations

6. Issue from the National Office detailed instructions and guidance, modeled after those proposed by the Standardization Business Initiative task group, on how to accurately calculate various WITS components.

Management's Response: The Standardization initiatives were the basis for revised definitions and calculations for reporting telephone data which were issued by the National Office Customer Service function.

7. Require regional Customer Service analysts to periodically review the accuracy and reporting consistency of the WITS data for their call sites until the WITS reporting requirements are fully automated.

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Management's Response: The Executive Officer for Customer Service Operations issued a memorandum requesting that the Regional Chiefs for Customer Service be personally involved in ensuring accurate and timely WITS reporting. In addition, direct feedback was provided to each region during their midyear business reviews.

Performance Measures Should Be Expanded to Include Measures That Support the Level of Access Objective

Performance indicators should be more specific and related to level of access goals.

Performance indicators in the FY 1997 Annual Performance Plan for Customer Service include number of calls answered, number of assistor calls answered, and calls per full-time equivalent staff. These indicators, while appropriate, are not specific enough to assess the cause of good or poor performance.

More specific additional measures should be used to assess program performance as follows:

- Secondary abandoned call rates.
- Average queue time.
- Average talk and wrap up time.
- Percentage of assistor time on the telephone.

These additional measures are not new. The FY 1997 Telephone Program Expectations Letter issued to the Regional Customer Service Chiefs recommended them as potential measures to evaluate telephone service.

One of the main concerns of the Congress is the IRS' ability to answer taxpayers' telephone calls. One of the IRS' major organizational objectives is to improve customer service. The main way customer service can be improved is to increase the access via toll-free telephones. Some of the performance measures should, therefore, evaluate the level of access.

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Recommendation

8. Include the secondary abandoned call rate as an additional performance measure in the FY 1998 Annual Performance Plan. During peer reviews, emphasize average queue times, percentage of assistor time on telephone, and average talk and wrap up times.

Management's Response: The Secondary Abandoned Call Rate was included as a measure in the Annual Performance Plan for 1998.

Conclusion

The IRS has made improved customer service a priority. It has achieved significant strides in improving the toll-free telephone level of access. However, this has come at a high cost. Continued improvements that are planned for the toll-free level of access require better call routing and enhanced quality assurance practices.

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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to evaluate whether the Customer Service strategy to increase level of access resulted in improved taxpayer service in an economical manner.

We conducted our audit tests in the National Office and at 10 Customer Service call sites around the country.

To accomplish our specific objective, we performed the following audit tests:

- I. To evaluate Internal Revenue Service (IRS) management's ability to measure performance goals for the toll-free telephone system both nationally and locally for Fiscal Year (FY) 1997, we:
 - A. Interviewed National Office analysts and reviewed FY 1996 data to determine if FY 1996 performance goal measurement data was an accurate benchmark for FY 1997 comparison.
 - B. Analyzed how a sample of 10 call sites calculated calls answered, secondary abandoned calls, initial contact resolution percentage and other goal measurement data to determine if FY 1997 performance goal measurement data was accurately captured and reported using consistent and comparable data.
 - C. Determined if the goal measurement data for the 10 sampled call sites is accurately reflected in the Customer Service Executive Snapshot Reports to fairly present the results of operations.
- II. To evaluate management's effectiveness in managing resources, we:
 - A. Analyzed Work Planning and Control (WP&C) and Aspect Management Information System (MIS) data at one service center call site to determine how effectively night shift resources were used this filing season, and whether resources devoted to expanded access should continue in future filing seasons. Attempted to obtain similar data at two other call sites, but determined it was unavailable for review.
 - B. Interviewed Customer Service managers and systems analysts at five district and five service center call sites to determine if Customer Service sites are designated to receive calls from other sites, and if so, whether these sites had access to Universal Integrated Data Retrieval System (IDRS).

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- C. Evaluated Customer Service FY 1997 workplan goals for calls per full time equivalent staff (FTE) to determine if they were reasonable and based on prior fiscal year results.
 - D. Initiated test calls during peak periods to determine if call blocking was being used by AT&T to result in reduced demand. Ten test calls were made per day at various times between 7 a.m. and 10 p.m. for the last eight days of the filing season (April 8-15, 1997).
 - E. Reviewed a sample of call routing change documentation to determine whether the routing change was input timely by employees in the National Office. We conducted a 100% review of the call routing change requests (161 total requests) for two of the four regions for the month of April 1997.
- III. To evaluate management's effectiveness in ensuring that quality service is provided to taxpayers, we:
- A. Determined if Customer Service management followed established call monitoring criteria to ensure that accurate assistance was provided by Customer Service assistors.
 - B. Determined if Examination management used call monitoring to ensure that accurate quality assistance was provided by district Compliance resources handling message callback on technical tax issues.
 - C. Determined if service center management used call monitoring to ensure that accurate quality taxpayer assistance was provided by employees in other service center branches who answered calls in peak periods.
 - D. Interviewed Customer Service management at the three service centers with night shifts to determine if appropriate measures were taken to ensure that quality tax assistance was provided to Spanish speaking taxpayers.
- IV. To evaluate the effectiveness of the toll-free TeleTax system in shifting demand from the 1040 toll-free line, we:
- A. Interviewed a National Office analyst to determine if the IRS has the ability to calculate the level of access on the TeleTax line.
 - B. Contacted a sample of call sites to determine if significant problems were encountered with the TeleTax equipment.
 - C. Determined if the IRS has plans to update/replace the current TeleTax system.

**The Internal Revenue Service's Efforts to Increase the
Telephone Level of Access Can Be Improved**

Appendix II

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**The Internal Revenue Service's Efforts to Increase the
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Appendix III

Report Distribution List

Deputy Commissioner Operations C:DO

Chief Operations Officer OP

Assistant Commissioner (Customer Service) OP:C

Assistant Commissioner (Program Evaluation and Risk Analysis) M:OP

Acting National Director, Customer Service Telephone Operations and Systems OP:C:T

Audit Liaison - Assistant Commissioner (Customer Service) OP:C

Audit Liaison – Acting National Director (Customer Service Telephone
Operations and Systems) OP:C:T

National Director for Legislative Affairs CL:LA

Office of Management Controls M:CFO:A:M

The Internal Revenue Service's Efforts to Increase the Telephone Level of Access Can Be Improved

Appendix IV

Management's Response to the Draft Report



CHIEF OPERATIONS OFFICER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

February 3, 1999



MEMORANDUM FOR ACTING TREASURY INSPECTOR GENERAL FOR TAX
ADMINISTRATION

FROM

John M. Dalrymple
John M. Dalrymple
Chief Operations Officer

SUBJECT:

Internal Audit DRAFT REPORT - Evaluation of the Service's
Efforts to Increase the Telephone Level of Access

This memorandum is in response to the draft report referenced above. Should your staff require additional information, they may contact the Customer Service Internal Audit Liaison, Larry Pugh, at 202-622-9466.

Identity of Recommendation 1:

Link TeleTax to Universal Integrated Data Retrieval System (IDRS) using a Network router. Calls can then be routed to the next available line in a TeleTax system network. In the interim until this link can be made, have Systems Administrators monitor TeleTax demand locally and reroute calls among TeleTax machines at each site to alleviate overloads.

Assessment of Cause:

The vast majority of busy signals are recorded during a brief period (93 percent within 7 weeks in 1997) when callers inquire about their refunds. The TeleTax system has never been sized to handle the amount of incoming traffic. Also, since TeleTax does not have universal IDRS, the telephone lines must access specific service centers for refund information. This precludes Customer Service from routing calls to sites with available lines as is done with other toll-free calls. The number of lines which access each service center is not in balance with the caller population for each service center.

Corrective Action(s):

TeleTax will not be linked to universal IDRS for the remainder of its system life. Beginning in year 2001, the TeleTax refund feature will be retired and replaced with a Telephone Routing Interactive System-like refund application residing on the Automated Self Service Application platform.

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Implementation Date: December 31, 2000

Customer Service has implemented a strategy to improve TeleTax access for the 1999 filing season. The strategy addressed eliminating all old voice response units; increasing line capacity for new systems; and relocating equipment to better balance nationwide traffic and reduce overflows.

Implementation Date: December 31, 1998 - Completed

Identity of Recommendation 2:

During the business reviews, include analyses of level of access for TeleTax. This data should include the number of calls answered, overflows, and level of access.

Assessment of Cause:

Management does not have the necessary tools to effectively monitor overload problems on the TeleTax system.

Corrective Action:

Since TeleTax is a legacy system being replaced, it would not be cost effective to acquire significant equipment and software to monitor call access effectively, on a real time basis. However, TeleTax net calls answered and overflows are reported weekly to the Assistant Commissioner (Customer Service) for purposes of program review. The Snapshot Report began including both TeleTax Net Calls Answered and Overflows on a weekly basis during FY 1998.

Implementation Date: October 1, 1998 - Completed

Identity of Recommendation 3:

Continue to utilize, rather than excess, the old TeleTax systems in those sites that had a high number of overflows in FY 1997.

Assessment of Cause:

See assessment under Recommendation 1.

Corrective Action:

The old TeleTax systems are not Year 2000 Compliant and, thus, will have to be retired. Rather, Customer Service's strategy has addressed reducing the number of overflows. An additional 384 lines have been installed to improve service during the 1999 filing season.

Implementation Date: December 31, 1998 - Completed

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Identity of Recommendation 4:

Include in the Internal Revenue Manual (IRM) a standard minimum number of monitoring reviews that managers must perform for each employee.

Assessment of Cause:

Review criteria for monitoring employee telephone calls with taxpayers varies by manager. The IRM was not specific regarding the number of reviews that managers should perform.

Corrective Action:

The Customer Service Managers Handbook, IRM 114.1.7, now recommends a minimum of two reviews per month be conducted for each employee.

Implementation Date: April 30, 1998 - Completed

Identity of Recommendation 5:

Require first-line managers to report monthly to their managers on the number of reviews they have performed for each employee.

Assessment of Cause:

Review criteria for monitoring employee telephone calls with taxpayers varies by manager. Monitoring has been inconsistent and, in many instances, not adequate.

Corrective Action:

The Customer Service Managers IRM 114.1.7.8.1.4 requires Branch management to ensure that team managers conduct sufficient monitoring to provide employees with a well-documented evaluation. The IRM now also requires managers to maintain a schedule to show all types of review activities during the week. Managers are required to retain the schedules until completion of operational reviews so that section and branch managers can use them during their operational reviews.

Implementation Date: April 10, 1998 - Completed

Identity of Recommendation 6:

From National Office, issue detailed instructions and guidance, modeled after those proposed by the Standardization Initiative task group, on how to accurately calculate various Workload Information Tracking System (WITS) components.

Assessment of Cause:

Detailed instructions do not exist for calculating, compiling, and reporting on certain categories of calls.

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Corrective Actions:

WITS FY 1999 Telephone definitions and calculations for reporting telephone data on WITS have been refined and implemented based on the proposals made by the Standardization Initiatives. The Telephone Field Operations Branch issued WITS Definitions and Guidelines based on the Standardization Initiatives for FY 1998 and FY 1999.

Implementation Date: June 30, 1998 - Completed

Identity of Recommendation 7:

Until the WITS reporting requirements are fully automated, require regional Customer Service analysts to periodically review the accuracy and reporting consistency of the WITS data for their call sites.

Assessment of Cause:

See assessment under Recommendation 6.

Corrective Actions:

The Executive Officer for Customer Service Operations (EOCSO) addressed the need to ensure accurate WITS reporting at a National Office meeting attended by all Regional Chiefs Customer Service (RCCS) on January 18, 1998. Specific examples of WITS field reporting errors were provided, along with suggestions on how to correct these errors up-front. This was followed up by a February 11, 1998, memorandum from the EOCSO to the RCCSs which requested their personal involvement in ensuring accurate and timely WITS reporting. Direct feedback was provided to, and discussed with, each region as part of their midyear business review.

Implementation Date: February 11, 1998 - Completed

Identity of Recommendation 8:

Include the secondary abandon rate as an additional performance measure in the FY 1998 Annual Performance Plan. During peer reviews, emphasize average queue times, percentage of assistor time on telephone, and average talk and wrap up times.

Assessment of Cause:

Performance indicators in the FY 1997 Annual Performance Plan for Customer Service were not specific enough to assess the quality of performance.

Corrective Action:

The Automated Collection System (ACS) Secondary Abandon Rate and the Toll-Free Secondary Abandon Rate were both included as measures in the Annual Performance Plan for 1998 and were specifically cited among the 11 measures approved for use

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in the business review process by the Chief Taxpayer Service/Acting Chief Compliance Officer. The national target for Toll-Free Secondary Abandon Rate was 5 percent. This was a baseline year for the ACS secondary abandon rate so no target was set.

Implementation Date: January 1998 - Completed

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Appendix V

Glossary of Terms

Abandoned Call

A call in which the caller hangs up before the call is answered. Calls in which the caller hangs up almost immediately do not have to be counted as abandoned. See primary and secondary abandons for further definitions.

Automatic Call Distributor (ACD)

A programmable device at a call center that routes incoming calls to targets within that call center.

Average Speed of Answer (ASA)

The average answer wait time for calls to a service or route.

Busy

Term used to describe the line condition when the called party's telephone is already in use.

Customer Service

When capitalized in this report, Customer Service refers to the function in the IRS that is responsible for direct taxpayer contact in such areas as toll-free telephone service and "walk-in" site assistance.

Full-Time Equivalent (FTE)

The number of full-time agents that would be required during a period to perform the work done during that period. To calculate the FTE, divide the number of seconds of work performed by the number of seconds in the period. For example, if agents spent a total of 7200 seconds handling calls during a half-hour (1800 second) interval, the FTE for call handling during the interval is:

$$7200 \text{ person-seconds} / 1800 \text{ seconds} = 4 \text{ persons}$$

This means that if all agents spent full-time handling calls during the interval, the work could have been done by four agents.

The Internal Revenue Service's Efforts to Increase the Telephone Level of Access Can Be Improved

Level of Access

In 1997, the Internal Revenue Service (IRS) computed the weekly level of access to be:

$$\frac{\text{Number of calls answered}}{\text{Unique phone numbers attempting to call}}$$

This equation generally computes whether taxpayers are served in a one-week period.

Level of Service

In 1997, weekly level of service was defined as:

$$\frac{\text{Number of calls answered}}{\text{Number of calls attempted}}$$

This equation computes overall system access. The General Accounting Office is a proponent of this method.

Net Calls

The number of calls attempted minus those calls that received busy signals.

Primary Abandons

Calls that connect with a voice response unit, but the caller disconnects before making a menu selection.

Queue Time

The time that a call spends in the system waiting for a Customer Service Representative (CSR) to become available.

Routing

In 1997, toll-free calls were allocated from the AT&T long distance network to call sites based on IRS criteria. The site receiving the call was determined by the caller's area code.

Secondary Abandons

Calls that connect with a voice response unit and make a menu selection, but the caller disconnects before completing the interactive application.

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TeleTax

Automated system that provides tax law question scripts and refund status information. Each refund status system is linked to only one service center system. Therefore, only returns filed at that service center will have status information on TeleTax. There are no options on TeleTax to speak with a CSR.

Toll-Free Numbers

IRS has the following toll-free numbers to assist taxpayers:

800-829-1040 - tax law questions (CSR)

800-829-8815 - account services (CSR)

800-829-4262 - Earned Income Credit issues/refund inquiries (CSR)

800-829-4477 - TeleTax (no CSR available)

Unique Number Report

On a weekly basis, a report that shows the number of unique telephone numbers that called the IRS toll-free numbers. For example, if a taxpayer calls 25 times in 1 week from his/her home telephone number, that is 1 unique number. If the same person calls once from home, and also once from a work phone, that is two unique numbers.

Voice Response Unit (VRU)

A telecommunications computer, also called an Interactive Voice Response unit, that responds to caller-entered touch-tone digits. The VRU responds to caller-entered digits in much the same way that a conventional computer responds to keystrokes or a click of the mouse. The VRU uses a digitized voice to read menu selections to the caller. The caller then enters the touch-tone digits that correspond to the desired menu selection. The caller-entered digits can invoke options as varied as looking up account balances, moving the call within or to another ACD, or playing a pre-recorded announcement for the caller.

Work Planning and Control (WP&C) – A resource planning and tracking system used by the IRS to determine what budgeted resources are assigned to a work activity and the actual resource expenditure.